

ATTACHMENT 7

True and correct copy of the document
bates stamped Intuitive-00203904 –
Email re: FW da Vinci documents,
May 3, 2017
(Dominguez Declaration - Ex. 23)

From: Josh Lowe [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=8ECBD8616AD94A3DB2048E7D3F28A347-JOSH LOWE]
Sent: 5/3/2017 7:40:37 AM
To: Brian Runman [Brian.Runman@intusurg.com]
Subject: FW: da Vinci documents
Attachments: Xi price list.xlsx; Benefis Healthcare-East Campus MT, 81808.1 wiht dVPartnership plan.pdf; Xi Readiness Guide 3-23-16.pdf

An example of a walk-away strategy I wanted to pass your way.

From: Josh Lowe
Sent: Tuesday, May 02, 2017 6:29 PM
To: 'Olinger, Terry' <TerryOlinger@benefis.org>
Cc: Scott Floyd <Scott.Floyd@intusurg.com>; 'greghilpert@benefis.org' <greghilpert@benefis.org>; 'Cornwell, Brandi' <BrandiCornwell@benefis.org>; 'elizabethcoates@benefis.org' <elizabethcoates@benefis.org>; 'chadengan@benefis.org' <chadengan@benefis.org>; 'bryanbuckridge@benefis.org' <bryanbuckridge@benefis.org>; 'gwinslow@gfsamt.com' <gwinslow@gfsamt.com>
Subject: FW: da Vinci documents

Good afternoon Terry and thank you for your email last Friday. I answered each of your questions/statements below in *italics*. Benefis is a very good customer of Intuitive Surgical and from that and your negotiations you'll find a best-in-class proposal attached. I was able to address your concerns below of Sterile Processing, the Integrated Bed by Trumpf Medical and your service questions below.

With the new value adds, Intuitive now [REDACTED] and the heavily discounted service I am at the maximum discount threshold. If this is a sticking point for you and your team I'm disappointed but understand. The proposal offered requires a delivery by June 15th. While I can't tell you exactly what an offer will look like in the summer months I can tell you it will look different. Thank you for the time and effort you and your team put into this project but unfortunately it looks like we can't come to terms at this time.

Josh Lowe
Area Sales Manager
Intuitive Surgical
651-955-8494

Josh and Scott,

Thanks for the documents.

Unfortunately, we have hit a bit of a snag regarding the latest offering. When reviewing the proposal against our capital spending committee, it was pointed out that we will need to buy a Trumpf bed and a new Sterile processing equipment to accommodate the Xi. It was also pointed out that your discount for an organization that would be purchasing its third Robot in 10 years, is less than [REDACTED]. Since we don't have the money to purchase the cleaning equipment nor the table it makes installation at that time to be problematic.

- I'll address your Sterile Processing statement first:
 - o At present Benefis has everything it needs from a SPD standpoint to launch an Xi program. Benefis is able to clean and sterilize Xi scopes with the current Sterrad system on site. The Belimed WD290 automatic washers on site will supercede the need for an Ultrasonic bath, pointed out on page 3 of the Xi Readiness Guide below.

The following washer/disinfectors have been validated for the automated cleaning cycle.

Manufacturer	Model
Belimed	WD 290

source: belimed.com

o

○ Now with that said we believe the FDA will require a 510K for the automatic washers in the fourth quarter of this year. If that happens I'm happy to help find a slightly used piece that carries a warranty to reduce the capital outlay, for instance this Medisafe approved system is offered at [REDACTED] (website below). There are many more recertified or used options available to help accommodate the future FDA request for a nominal amount of money.
<http://www.medwow.com/used-ultrasonic-cleaning-system/medisafe/si-pcf/717848441.item>

- Integrated Table Motion by Trumpf Medical

○ The Xi does not require the Integrated Table from Trumpf to be used, any OR table will work with the Xi system. Many hospitals launch the Xi program without the Integrated Table and build the program before purchasing the Trumpf table. This product is currently not available at any nearby facilities.

The other sticking point is related to the service agreement for the SI. If we are to trying to keep two for the sake of building volume and expected to keep the service agreement in place, Benefis is taking all of the operational costs including both supplies and service contract.

I would propose the following with a commitment if you were able to meet these numbers we can get this completed by June 15th,

The discount amount goes to [REDACTED] versus the [REDACTED] listed, this will offset the cost of the new equipment needed to move forward. This is a [REDACTED] discount. In comparison the Varian Edge we just bought gave us a [REDACTED] discount.

- We feel the Xi is priced appropriately based on the value it provides. Benefis is a very good customer but we need to maintain pricing integrity. The current discount is on par with a customer who has acquired over 200 da Vinci systems so unfortunately I cannot provide any more than the current offer.

While it is being pointed out you are giving us more in trade value, the reality, is that if we don't trade it in, that is a moot point. We are all hoping that is the case. You said earlier the SI is worth [REDACTED] but are giving us [REDACTED]. In actuality we have the SI valued at [REDACTED] on our books and your trade value will require a write off of [REDACTED] on our balance sheet.

- The 12 month delayed-trade program will allow for unfettered access to surgeons who have committed to come back to Benefis. I believe this will happen but the program allows for an 'out' should referral patterns change or if the volume doesn't come as expected.

Secondly, the service contract, for the SI, [REDACTED]. We obviously need to come up with formula for the numbers needed to keep second Robot. Given that our [REDACTED] spend for disposable per year will be doubled if not tripled, we think there is much to be gained if we were able to make volumes required to keep the second robot.

- I can accommodate this request, I'm happy to place the Si system on a Time and Materials service plan. If you choose to keep any level of service on the Si system for the 12 month period and Benefis chooses to send back the Si system the unused service will be refunded or returned in the form of a credit.

Third, we need to see the actual cost of the disposables for the XI. Do you have a tier pricing model depending on volumes?

Fourth, the second year of the agreement we would ask to have the service contract be the [REDACTED] per machine. We still need to vet the proposal and I am having our team look at it.

- I can accommodate this request, I'm happy to make this change once your current service expires on June 21st. We were looking at the Si plans while in your office last week, the Xi carries a 5K premium to the Si so you'll see the [REDACTED] service noted in years 2-5 of the quote attached (quote attached).

I am also sending the contract to our legal to look at, however, short of resolution to the items before mentioned, our likelihood of getting this through our finance committee is slim to none. I am happy to discuss our partnership with the

next level of your organization. We believe we have been a good partner, and would like to continue that relationship moving forward. We hope you will appreciate our loyalty with an adjustment to your offer.

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ils that spoof internal "@intusurg.com" email addresses. Report these or other security threats to: ITHelpNow@intusurg.com.